



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0511	Title:	Promote and fund regional water systems
Primary Sponsor:	Windy Boy, Jonathan	Status:	As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$15,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$15,400,000	\$0	\$0	\$0
Bond Reserve	\$1,600,000	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of Fiscal Impact:

This bill authorizes the issuance of \$17 million of coal tax bonds. The bond proceeds would be used to pay for the state of Montana share of regional drinking water systems. Bond proceeds would also fund the required bond reserve and bond issuance costs.

FISCAL ANALYSIS

Assumptions:

1. In FY 2008, \$17,000,000 of coal tax bonds are issued. Of the bond proceeds available, \$15.4 million is available for projects, and \$1.6 million will be used to fund the bond reserve.
2. The debt service amount is assumed to be \$1.4 million per year based on a 20 year loan at a 4.5% interest rate. The bill states that the interest income from the Treasure State Endowment Regional Water fund may be used for this debt service. For the purposes of this fiscal note it is assumed that there will be interest income available for the debt service amount in FY 2009 through FY 2010.

3. The fiscal note assumes the bonds in this bill will be issued in one year and all bonds have a 20 year repayment schedule. It is possible that the bonds may be issued in multiple years, and the repayment schedule could be shorter and vary.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$15,400,000	\$0	\$0	\$0
Debt Service	\$0	\$1,400,000	\$1,400,000	\$1,400,000
TOTAL Expenditures	\$15,400,000	\$1,400,000	\$1,400,000	\$1,400,000

<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$15,400,000	\$1,400,000	\$1,400,000	\$1,400,000
TOTAL Funding of Exp.	\$15,400,000	\$1,400,000	\$1,400,000	\$1,400,000

<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$15,400,000	\$0	\$0	\$0
Bond Reserve (04)	\$1,600,000	\$0	\$0	\$0
TOTAL Revenues	\$17,000,000	\$0	\$0	\$0

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)
Bond Reserve (04)	\$1,600,000	\$0	\$0	\$0

Technical Notes:

1. This bill will need to be coordinated with HB 2 and HB 11, which already appropriate funds in the Treasure State Endowment Regional Water System special revenue account.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date